

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

S P — 3 7 9

2. STATE:

DELAWARE

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL  
SECURITY ACT (MEDICAID)TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

January 1, 2003

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

7. FEDERAL BUDGET IMPACT:

a. FFY 2003 \$580,500 (savings)

b. FFY 2004 \$844,200 (savings)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-B, Pages 14 and 14a

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable):

Attachment 4.19-B, Pages 14 and 14a

10. SUBJECT OF AMENDMENT: Reimbursement for Pharmaceuticals: change drug pricing methodology.

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL☒ OTHER, AS SPECIFIED:Governor's comments under  
separate correspondence

12. SIGNATURE OF STATE AGENCY OFFICIAL:



13. TYPED NAME:

Elaine Archangelo, Director, DSS

14. TITLE: Designee for Vincent P. Meconi  
Secretary, Delaware Health and Social Services

15. DATE SUBMITTED:

040803

16. RETURN TO:

Elaine Archangelo  
Director  
Division of Social Services  
P.O. Box 906  
New Castle, Delaware 19720-0906

## FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

2/11/2003

18. DATE APPROVED:

APR 17 2003

## PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

1/1/2003

20. SIGNATURE OF REGIONAL OFFICIAL:



21. TYPED NAME:

Mary T. McSorley

22. TITLE: Associate Regional Administrator  
Division of Medicaid and Children's Health

23. REMARKS:

**Federal Upper Limit (FUL)** - The FUL is a federally defined price and constitutes the upper limit of reimbursement where a DMAC limit does not exist.

**Non-Traditional Pharmacy - long term care and specialty pharmacies.**

**Traditional Pharmacy - retail independent and retail chain pharmacies.**

**Reimbursement Policy:**

- Medicaid reimbursement is limited to only those drugs supplied from manufacturers that have a signed national agreement or an approved existing agreement under Section 1927(a) of the Social Security Act. Restrictions in drug coverage are listed on Page 5 Addendum of Attachment 3.1-A of this Plan.

**Exceptions:**

- Exceptions to the reimbursement **of FUL and DMAC** can be made if a physician certifies in **their** own handwriting that a specific brand is medically necessary. **The medical necessity must be documented on a FDA Med-Watch form based on the client experiencing an adverse reaction.**
- **Other exceptions will be made if documentation provided demonstrate that the product can only be obtained a higher rate.**

TN No. SP-397  
Supersedes  
TN No. SP-371

Approval Date **APR 17 2003**  
Effective Date **January 1, 2003**

# NEW STATE PLAN (REVISED)

ATTACHMENT 4.19-B  
Page 14

State/Territory DELAWARE

## Reimbursement for pharmaceuticals:

### Overview

The Delaware Medical Assistance (DMAP) program will reimburse pharmaceuticals using the lower of

- The usual and customary charge to the general public for the product,
- The Estimated Acquisition Cost (EAC) which is defined for both brand name and generic drugs as follows:
  - For Traditional Pharmacies: AWP minus 14% plus dispensing fee per prescription,
  - For Non-Traditional Pharmacies: AWP minus 16% plus dispensing fee per prescription,
- A State-specific maximum allowable cost (DMAC) and, in some cases, the Federally defined Federal Upper Limit (FUL) prices plus a dispensing fee.

Entities that qualify for special purchasing under Section 602 of the Veterans Health Care Act of 1992, Public Health Service covered entities, selected disproportionate share hospitals and entities exempt from the Robinson-Patman Price Discrimination Act of 1936 must charge the DMAP no more than an estimated acquisition cost (EAC) plus a professional dispensing fee. The EAC must be supported by invoice and payment documentation.

### Dispensing Fee

The dispensing fee rate is \$3.65. There is one dispensing fee per 30-day period unless the class of drugs is routinely prescribed for a limited number of days.

### Definitions:

**Delaware Maximum Allowable Cost (DMAC) - a maximum price set for reimbursement:**

- for generics available from three (3) or more approved sources, or
  - when a single source product has Average Selling Prices provided by the manufacturer that indicates the AWP is exaggerated, or
  - if a single provider agrees to a special price.
- Any willing provider can dispense the product.

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